



LISA M. GARRETT
DIRECTOR OF PERSONNEL

COUNTY OF LOS ANGELES DEPARTMENT OF HUMAN RESOURCES

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October 28, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

16 October 28, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**DEPARTMENT OF HUMAN RESOURCES (DHR):
APPROVE THE AMENDMENT TO EXTEND CONTRACT NO. 76489
FOR EMPLOYEE BENEFIT COMMUNICATION CONSULTING SERVICES AND MATERIALS
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

Request approval of Amendment Number Three to extend the contract with Buck Consultants, LLC ("Buck" or "Contractor") for twenty-two months, with an annualized cost increase of \$54,531, for the continued provision of employee benefits communications consulting services and materials for the County's cafeteria benefit plans.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and instruct the Chairman to execute Amendment Number Three to Contract No. 76489 with Contractor for employee benefits communications consulting services and materials to:

- (a) Extend the term of the contract for the period of March 1, 2015 through December 31, 2016, for a twenty-two month period;
- (b) Increase the fixed annual service fees by \$54,531 per year during the extension period, for total annual fixed fees of \$792,063;
- (c) Maintain the existing funding for necessary special projects, up to \$200,000 annually, in support of the County's employee benefits programs. If the option for special projects is exercised, the total contract sum for the twenty-two month extension will not exceed \$1,984,126. The costs are financed by administrative fees paid by employees participating in the plans and through billings to County departments; and

(d) Amend the Indemnification provision of the Contract, effective March 1, 2015, due to a change in control of Contractor to Xerox Corporation, which uses different standard indemnification language than was originally agreed to and due to a change in the County's standard indemnification language itself.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will allow the County to continue to engage Buck to provide necessary employee benefits communication consulting services and materials ("Communications Contract") for an additional period of twenty two months through December 31, 2016. The County currently contracts with Buck under separate contract number 74576 for the provision of third party administrative services for cafeteria and non-cafeteria plans and absence management services ("TPA Contract"), which expires on December 31, 2016. The recommendation for a twenty two month extension period of the Communications Contract is necessary to synchronize the contract service periods for the two contracts, and will allow the County to continue to receive all services currently provided under the Communications Contract through the December 31, 2016 expiration date of the TPA Contract. This recommended action will allow the County to complete a new solicitation process for a consolidated contract for the provision of both communications and third party administrative services to commence by January 1, 2017.

The purpose of consolidating the communications and TPA services with one service provider is to improve service delivery with seamless combined benefits enrollment and information, and for cost efficiency. Obtaining these services under the one contractor model is consistent with the integrated model approved by the Board on May 6, 2014 for administration of the deferred compensation plans.

Implementation of Strategic Plan Goals

The recommended action supports the County's Strategic Plan, Goal 1, Operational Effectiveness, by enabling the County to obtain services for administration of County benefits in an efficient and cost-effective manner.

FISCAL IMPACT/FINANCING

The Maximum Contract Sum for communications consulting services from March 1, 2015 to December 31, 2016, will not exceed \$1,984,126. This includes \$792,063 per year for fulfillment of enrollment materials and \$200,000 per year if utilized for special projects. The Maximum Contract Sum from the original effective date of March 4, 2008 through December 31, 2016, will not exceed \$8,829,882.

Funding for this contract is included in the Fiscal Year 2014-15 Adopted Budget and funding for future years will be requested in future year budgets.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County has used Buck as its employee benefits communications consultant since 2008. As a

result of an industry-wide solicitation, Buck was selected as the highest rated bidder and your Board approved the current five-year contract with two one-year extensions on March 4, 2008. On January 24, 2013, Amendment Number One was exercised to extend the term of the contract from March 1, 2013 through

February 28, 2014. On February 14, 2014, Amendment Number Two was exercised to extend the term of the contract from March 1, 2014 through February 28, 2015.

Approval of Amendment Number Three will extend the contract term from March 1, 2015 through December 31, 2016.

CONTRACTING PROCESS

Buck is in compliance with all Board and Chief Executive Office requirements.

County Counsel has reviewed and approved Amendment Number Three as to form.

A competitive solicitation process will be conducted for a consolidated contract for communications and TPA services to commence by January 1, 2017.

Since the original date of the Communications Contract, Buck has been acquired by Xerox Corporation. Xerox Corporation uses different standard indemnification language than was originally agreed to and the County's standard indemnification language itself has changed. The parties have negotiated in good faith to reach an agreement on new indemnification language for the twenty-two month extension. The Office of the County Counsel and the Risk Management Branch of the Chief Executive Office were involved in those negotiations. The indemnification language is very similar to the County's current standard indemnification language, with the following limitation of liabilities:

"Contractor shall not be liable to County for any damages exceeding, in the aggregate, the amount of the total fees paid to Contractor for the twenty-two month extension pursuant hereto or two million dollars (\$2,000,000), whichever is greater, whether in contract, tort, indemnity or otherwise and even if it has been advised of the possibility of such damages, arising from any of Contractor's products that are preapproved by County. Notwithstanding the foregoing sentence, any of Buck's costs for correction of errors in the compiling, printing, and/or distribution of County-approved materials shall be borne solely by Buck, regardless of such limitation. Neither party shall be liable for indirect, consequential, exemplary or punitive damages, regardless of the form of action, whether in contract, tort, indemnity or otherwise and even if it has been advised of the possibility of such damages."

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services. Approval of the recommended actions will ensure uninterrupted continuation of critical employee benefits communications services to County employees until the current TPA Contract expires on December 31, 2016. This will allow the County to conduct a competitive solicitation process for a consolidated contract for the provision of the aforementioned services to commence by January 1, 2017.

CONCLUSION

The Honorable Board of Supervisors

10/28/2014

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Upon approval and execution of the Contract, the Executive Officer, Board of Supervisors, is requested to return one adopted stamped Board letter and four signed originals of the Contract to DHR. It is requested that the Executive Officer notify the DHR's Employee Benefits Division at (213) 639-6354 when the documents are available.

Respectfully submitted, LISA M. GARRETT,
Director of Personnel



LISA M. GARRETT
Director of Personnel

LMG:SA:EMC
RU:HP:sl

Enclosures

c: Auditor-Controller
County Counsel
Executive Officer, Board of Supervisors
Chief Executive Officer
Director of Personnel

AMENDMENT NUMBER THREE

CONTRACT BETWEEN THE COUNTY OF LOS ANGELES AND BUCK CONSULTANTS, LLC FOR EMPLOYEE BENEFITS COMMUNICATIONS CONSULTING SERVICES AND MATERIALS

THIS AMENDMENT NUMBER THREE is made and entered into by and between the County of Los Angeles ("COUNTY") and Buck Consultants, LLC ("CONTRACTOR").

WHEREAS, on March 4, 2008, COUNTY and CONTRACTOR entered into County Contract No. 76489, for employee benefits communication and consulting services and materials, and any Amendments and Change Orders thereto (hereinafter collectively referred to as "Contract"); and

WHEREAS, on February 28, 2015, County Contract No. 76489 will expire and the COUNTY and CONTRACTOR desire to extend the current contract term; and

WHEREAS, the COUNTY and the CONTRACTOR desire to increase the annual cost of the Contract in the amount of \$54,531 due to increases in the subcontractor's printing and fulfillment costs effective March 1, 2015; and

WHEREAS, CONTRACTOR and COUNTY agree to amend certain terms and conditions of this Contract effective March 1, 2015; and

WHEREAS, Paragraph 5.0 (Term), Subparagraph 6.3 (Maximum Contract Sum) of Paragraph 6.0 (Prices and Fees), and Subparagraph 10.4.3 of Paragraph 10.0 (Changes Orders and Amendments) of the Contract provide that for such changes, an amendment to the Contract shall be prepared and executed by the CONTRACTOR and the COUNTY.

NOW, THEREFORE, the COUNTY and CONTRACTOR mutually agree to amend the Contract as follows:

I. Pursuant to Paragraph 5.0 (Term) and Subparagraph 10.4.3 of Paragraph 10.0 (Change Orders and Amendments) of the Contract:

The COUNTY and CONTRACTOR agree to extend the Contract term for twenty two (22) additional months. The extended term of the Contract shall be from March 1, 2015 through December 31, 2016.

- II. Pursuant to Subparagraph 6.3 (Maximum Contract Sum) of Paragraph 6.0 (Prices and Fees) and Subparagraph 10.4.3 of Paragraph 10.0 (Changes and Amendments) of the Contract, the following amendments shall be made to the Contract:**

Effective March 1, 2015:

- A. Subparagraph 6.3 of Paragraph 6.0 (Prices and Fees) is amended to read as follows:**

6.3 Maximum Contract Sum

The "Maximum Contract Sum" under this Contract shall be the total monetary amount that would be payable by the County to Contractor for providing required work under this Contract for the Term. Total charges for Part I services shall not exceed the amounts set forth in the Contract Rates, as shown in Exhibit B. The Maximum Contract Sum for this Contract, including applicable Taxes, for the duration of the Contract, including one twenty-two-month extension, authorized by the County hereunder, shall in no event, expressly or by implication, exceed \$8,829,882, including an allowance of up to \$200,000 annually for special projects as specified in Subparagraph 6.2.

- B. Exhibit B (Contract Rates) shall be deleted in its entirety and replaced with the attached Exhibit B (Contract Rates).**

- III. Pursuant to Subparagraph 10.4.3 of Paragraph 10.0 (Changes and Amendments) of the Contract, effective March 1, 2015, the following amendments shall be made to Contract:**

- A. Subparagraph 10.11 (Consideration of Hiring GAIN/GROW Participants) is deleted in its entirety and replaced to read as follows:**

10.11 Consideration of Hiring GAIN/GROW Participants

Should the Contractor require additional or replacement personnel after the effective date of this Contract, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor. Contractors shall report all job openings with job

requirements to: GAINGROW@dpss.lacounty.gov to obtain a list of qualified GAIN/GROW job candidates.

B. Subparagraph 10.22 (Indemnification) is amended to read as follows:

10.22 Indemnification

The Contractor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, agents and volunteers ("County Indemnitees") from and against any and all liability, including but not limited to demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from and/or relating to this Contract, except for such loss or damage arising from the sole negligence or willful misconduct of the County Indemnitees.

Limitation of Liabilities:

Contractor shall not be liable to County for any damages exceeding, in the aggregate, the amount of the total fees paid to Contractor for the 22-month extension pursuant hereto or two million dollars (\$2,000,000), whichever is greater, whether in contract, tort, indemnity or otherwise and even if it has been advised of the possibility of such damages, arising from any of Contractor's products that are preapproved by County. Notwithstanding the foregoing sentence, any of Buck's costs for correction of errors in the compiling, printing, and/or distribution of County-approved materials shall be borne solely by Buck, regardless of such limitation. Neither party shall be liable for indirect, consequential, exemplary or punitive damages, regardless of the form of action, whether in contract, tort, indemnity or otherwise and even if it has been advised of the possibility of such damages.

C. Subparagraph 10.49 (Time Off for Voting) is added to read as follows:

10.49 Time Off for Voting

The Contractor shall notify its employees, and shall require each subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000) in the State of California. Not less than 10 days before every statewide election, every Contractor and subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000.

IV. Except for the changes set forth herein, all other terms and conditions of the Contract shall remain in full force and effect.

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AMENDMENT NUMBER THREE TO COUNTY CONTRACT NUMBER 76489

IN WITNESS WHEREOF, the CONTRACTOR has duly executed this Amendment Number Three to County Contract No. 76489, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Amendment to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof.

COUNTY OF LOS ANGELES

By: *Don Krabe*
Chairman, Board of Supervisors



ATTEST

SACHI A. HAMAI
Executive Officer - Clerk of
the Board of Supervisors

By: *[Signature]*
Deputy
OCT 28 2014

BUCK CONSULTANTS, LLC

By: *Paul M. Sanchez*

Name: Paul M. Sanchez

Title: Principal, Market Leader

Date: October 9, 2014

I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: *[Signature]*
Deputy

ADOPTED
BOARD OF SUPERVISORS

APPROVED AS TO FORM:
JOHN KRATTLI
COUNTY COUNSEL

16 OCT 28 2014

By: *[Signature]*
Richard D. Bloom
Principal Deputy County Counsel

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER
Date: 10/13/14

EXHIBIT B

CONTRACT RATES

	BASE YEAR 1 2008-2009	BASE YEAR 2 2009-2010	BASE YEAR 3 2010-2011	BASE YEAR 4 2011-2012	BASE YEAR 5 2012-2013	OPTION YEAR 1 2013-2014	OPTION YEAR 2 2014-2015	22 MONTH EXTENSION 2015-2016	3/1/16 -12/31/16	TOTAL COST
CONTRACT YEAR										
PART I SERVICES	\$559,950	\$1,258,620	\$693,127	\$721,463	\$737,532	\$737,532	\$737,532	\$792,063	\$792,063	\$7,029,882
PART II SERVICES	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,800,000
TOTAL	\$759,950	\$1,458,620	\$893,127	\$921,463	\$937,532	\$937,532	\$937,532	\$992,063	\$992,063	\$8,829,882

MAXIMUM HOURLY BILLING RATES

	BASE YEAR 1 2008-2009	BASE YEAR 2 2009-2010	BASE YEAR 3 2010-2011	BASE YEAR 4 2011-2012	BASE YEAR 5 2012-2013	OPTION YEAR 1 2013-2014	OPTION YEAR 2 2014-2015	22 MONTH EXTENSION 2015-2016	3/1/16 -12/31/16
CONTRACT YEAR									
Principal	\$550	\$572	\$595	\$619	\$643	\$643	\$643	\$643	\$643
Associate	\$170	\$177	\$184	\$191	\$199	\$199	\$199	\$199	\$199
Consulting Professional	\$400	\$416	\$433	\$450	\$468	\$468	\$468	\$468	\$468
Technical Professional	\$400	\$416	\$433	\$450	\$468	\$468	\$468	\$468	\$468
Graphic Designer	\$450	\$468	\$487	\$506	\$526	\$526	\$526	\$526	\$526
Word Processor	\$130	\$135	\$141	\$146	\$152	\$152	\$152	\$152	\$152

Employee Benefits Communications Consulting Services and Materials - Exhibit B